



Director of
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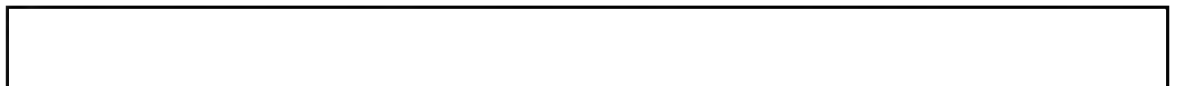
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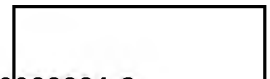
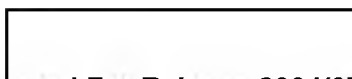
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SPECIAL ANALYSES

NICARAGUA: Somoza's Prospects

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President Somoza's chances of staying in office until his term ends in 1981 have improved to better than even. The National Guard has been strengthened from 8,000 to perhaps 11,000 men, and its proven military superiority has boosted Somoza's confidence to the point that he is prepared for US diplomatic sanctions. The Sandinista guerrillas have been forced to scale down their tactics and, at least in the short term, will probably limit themselves to hit-and-run raids and sporadic assassinations. Their capability for spectacular operations, however, is by no means gone.

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The Sandinistas have been badly bloodied in recent skirmishes with the National Guard in rural areas--despite the fact that they now have more and better weapons than they had during the height of the fighting last September. The failure of the Sandinistas to take any significant action on the first anniversary last month of the death of opposition publisher Chamorro was a psychological victory for the government. In the meantime, the cotton and coffee harvests, which will bring the government badly needed foreign exchange, are proceeding without serious interruption.

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A spectacular act by the Sandinistas would at least stem the tide that is now flowing against them. The odds are against a quick turnaround unless there is a spark to rekindle active public support for the drive against Somoza.

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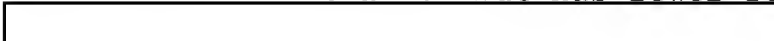
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Foreign Support

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The Sandinistas' two principal supporters, Venezuela and Panama, are approaching the limits of the material aid they can grant. Venezuela's President Perez has faced greater domestic constraints since his party's election defeat in December and will leave office in March. Panama's more adventuresome General Torrijos faces fewer constraints but has fewer resources to offer.



In the weeks ahead, both leaders will try to increase the pressure on Somoza--and on the US to force him from office. The announcement last month that Venezuela and Panama will conduct joint military exercises was clearly intended in this context. If Somoza's troops entered Costa Rica in a major mopup of Sandinista sanctuaries, both Perez and Torrijos would probably authorize armed action against Nicaragua.

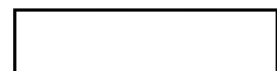
After Perez leaves office, the guerrillas will be more prone to look for help to Cuban President Castro, who has long urged the Sandinistas to mobilize for a long-term struggle. Castro, however, is not likely to abandon his cautious stance unless the Sandinistas show that they have a reasonable prospect of gaining power.



Prospects

Somoza is confident of his ability to handle anything the guerrillas can mount against him and seems prepared as well for US diplomatic sanctions--such as a

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withdrawal of official personnel--even though he continues his skillful maneuvers to head off any such action. He carefully holds open the prospect of further negotiations, but at this point he probably assumes he is in a no-win situation with the US. His offers of political concessions, if they ever were more than tactical gambits, are now clearly only delaying actions. [REDACTED] 25X1

For a time last September when the fighting was at its peak, some of Somoza's backers were wavering. After the National Guard's success in blunting the Sandinista offensive, Somoza has convinced not only his local backers but also the military regimes in Honduras, El Salvador, and Guatemala of his staying power. These regimes have provided Somoza financial and psychological support--and probably pledges of military support under certain circumstances. As long as Somoza looks like a winner--and he will as long as he can maintain even an uneasy peace--his party machine, the National Guard, and the neighboring military governments will act on the assumption that he will be in power until the end of his term in 1981. [REDACTED]

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Canada

In an analysis of the upcoming Canadian election, the US Fmbassy in Ottawa reports that at present the most plausible result is that neither Prime Minister Trudeau's Liberals nor the Progressive-Conservatives will win a majority in parliament and that the New Democratic Party will thus hold the balance. The Progressive-Conservatives, led by Joe Clark, will probably gain a plurality and then have to deal with the New Democrats, some of whom are talking of "getting Trudeau" in the election. The Embassy believes that Trudeau would enhance his party's chance of victory if he were to call an early election--perhaps as soon as April--and that he is the stronger candidate on the issue of national unity. There is a precedent for the governing party losing a plurality and then clinging to power by striking a deal with a third party, but the Embassy doubts that Trudeau would attempt to do this.

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